









# September 2020 Governance & Finance Committee Meeting

<b>Schedule</b>	Tuesday, August 25, 2020 10:00 AM — 12:00 PM CDT
<b>Venue</b>	Zoom Video Conference
<b>Organizer</b>	Sparkle Burns

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# 1. Call to Order and Opening Remarks

Presented by David North



## 2. Roll Call and Declaration of Quorum

Presented by David North and Melanie Murry



### 3. Approval of Meetings Minutes for March 4, 2020

For Approval

Presented by David North

# **University of Memphis Governance and Finance Committee Meeting**

**March 4, 2020 | 9:54 a.m.**

## **Proposed Order of Business and Committee Summary**

The Governance and Finance Committee of the University of Memphis Board of Trustees met at 9:54 a.m. CDT, on Wednesday, March 4, 2020, on the University of Memphis Campus in Memphis, Tennessee.

### **I. Call to Order/Roll Call/Declaration of Quorum/Introduction**

Trustee Cato Johnson presided over the meeting in the absence of Chairman David North. Trustee Johnson called the meeting to order and welcomed attendees. University Counsel and Board Secretary Melanie Murry called the roll. The following Governance and Finance Committee members were present: Trustee Noah Agnew, Trustee Alan Graf, Trustee Cato Johnson, Trustee David Kemme, Trustee Susan Springfield, and **Trustee Brad Martin by phone.**

A quorum was present. Members of the University of Memphis Board of Trustees, faculty, administrative staff, and guests were present.

### **II. Approval of Minutes – December 4, 2019**

Trustee Johnson requested a motion for the approval of the minutes. It was moved by Trustee Graf and properly seconded to approve the minutes from the December 4, 2019, Governance and Finance Committee meeting. A roll call vote was taken, and the motion was passed.

### **III. Tax Exempt Reimbursement Resolution**

Trustee Johnson introduced Raaj Kurapati, Executive Vice President for Business and Finance and Chief Financial Officer (CFO) to discuss the tax-exempt reimbursement agreement. CFO Kurapati requested the approval of the agreement to allow the University to pursue tax-exempt bond financing and incentive programs for opportunity zones and new market tax financing in the surrounding neighborhoods. CFO Kurapati explained the ability to pre-fund costs and have those costs rolled into a new market tax financing program. He emphasized any borrowing requests would be presented to the Board for approval and are subject to approval by the Tennessee State School Bond Authority (because the borrowing scheme is outside of the traditional approach the TSSBA has taken for higher education) and other appropriate agencies of the State.

The motion was approved by Trustee Graf and properly seconded.



#### **IV. Investment Policy**

Trustee Johnson recognized CFO Kurapati to discuss the investment policy. CFO Kurapati explained the slight change to the investment policy. This change was to create clarity regarding allowable assets under the Tennessee code governing cash pool investments related to federal agency mortgage backed securities and the ability to have the maturity period set to 5 years. CFO Kurapati mentioned the active approach taken to manage the University's cash pool and that the policy change will allow the University to continue to maintain the investment earnings and to build up strategic reserves. Last year the University recorded investments income, including unrealized gains/losses, of \$7.2 million while the average had been about \$850,000 in the 7 years prior. The University has also significantly improved its cash turnover ratio. As additional conversation ensued, CFO Kurapati ended by adding the University is on track to earn \$5 million in investment income this year.

#### **V. Athletics Update**

Trustee Johnson introduced Laird Veatch, Athletic Director, for an update on the accomplishments of the Athletic department. Athletic Director Veatch provided an overview of the strategic plans and goals for the department. He highlighted accomplishments in sports and academic measures. Trustee Carol Roberts congratulated the University on the student athletes' academic success. Trustee Graf complimented Mr. Veatch on his accomplishments and the hiring of his staff. Conversation ensued regarding his accomplishments.

#### **VI. Board of Trustees Self-Assessment**

Trustee Johnson recognized Melanie Murry, Board Secretary and University Counsel, to provide an update on the Board self-assessment. Board Secretary Murry explained the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) requirement for the Board to perform a self-assessment on an annual basis. During December, a self-assessment questionnaire was sent to the Board members to which there was a 90% response rate. Board Secretary Murry mentioned the underlying sentiment of the Board members' responses were related to additional engagement. Conversation ensued regarding the need for the Trustees to collaborate and have informational sessions, and also to have guidance on communication protocols. Dr. Rudd mentioned contacting Mike Krause, Tennessee Higher Education Commission director, for guidance.

**VII. Presidential Evaluation**

Trustee Johnson recognized CFO Kurapati to discuss the president's evaluation. CFO Kurapati explained the requirement by SACSCOC to perform a presidential evaluation once every three years. Currently, the Board conducts the evaluation annually and wants to move to a consistent cycle of a March evaluation. CFO Kurapati deferred to Trustee Brad Martin to provide additional details. Trustee Martin advised the process included a questionnaire to evaluate the president's performance and responses received from the questionnaire would be the basis for the decision regarding the president's incentive compensation. Additional discussion was scheduled to occur in the Executive Session.

**VIII. Additional Committee Business**

There was no additional committee business.

**IX. Adjournment**

The committee adjourned at 10:25 a.m.

## 4. Comprehensive Campaign

For Approval

Presented by Joanna Curtis

# The University of Memphis Board of Trustees

## Recommendation

### Presentation

**Date:** August 25, 2020

**Committee:** Governance and Finance

**Presentation:** Comprehensive Campaign

**Presented by:** Joanna Curtis, Chief Advancement Officer

#### Background:

The University's last comprehensive fundraising campaign, *Empowering the Dream*, concluded in June 2013. The campaign goal was \$250M, which the University surpassed with more than \$256M raised. In 2018, the Advancement Office started planning the next major campaign. A campaign feasibility study conducted by Bentz Whaley Flessner, a leading fundraising consulting firm, during the 2019-20 fiscal year concluded that the University should proceed with a blended campaign for academics, research, and athletics with a \$600M working goal.

#### Committee Recommendation:

The Governance and Finance Committee recommends the approval of the planning and leadership phase of a comprehensive fundraising campaign for academics, research, and athletics.



University of Memphis

# The Case for a \$600M Blended Campaign

*September 2020*

*This report is confidential and should not be copied or shared  
without permission from University of Memphis and BWF.*

**BWF determined that the University of Memphis has the necessary vision, prospects, and infrastructure to support the most aspirational campaign in university history. We arrived at this conclusions after a rigorous study with the following key elements:**

- Conducted 44 external interviews with 47 donors and other constituents.
- Held two focus group sessions with representatives from UofM boards.
- Used data contained within UofM's systems to conduct predictive analytics, forecasting and modeling to predict campaign outcomes.
- Interviewed 12 senior university leaders and selected development team members.

## Factors Impacting Campaign Success

1. \$42-56M in potential gifts through interviews.
2. Nearly 2500 high capacity/high connection prospects currently available for prospect management.
3. Nearly universal support for key campaign priorities, especially student support and athletics.
4. High respect for executive and volunteer leadership.
  - Volunteers expressed a desire to play a more active role in fundraising during the campaign.
5. Emerging culture of philanthropy and engagement.
6. Current staffing and resources incongruent with prospect potential.

## Situational Analysis of Campaign Fundamentals

	Best Practice	University of Memphis Status
<b>Confidence</b>	There must be confidence in the university, its mission, and ability to deliver on that mission.	There is a high level of confidence in the University of Memphis' ability to execute its mission. Additionally, the role and importance of the University of Memphis in the city and the midsouth is universally recognized as a crucial leader in workforce development, innovation, upward mobility, and growth.
<b>Case</b>	The case for support must be understandable, compelling, and urgent.	External feedback to the case was extremely positive, especially as it outlined aspects around student support, workforce development, and impact delivery. Many interviewees noted that much of the campaign's focus would be on impacting "the people of the UofM" and that resonated deeply with those prospects. While the concept of research is amorphous to some interviewed, the idea that it is currently a growth area for the university and could be a differentiator moving forward was widely supported. Support for athletics was remarkably high.
<b>Leadership</b>	University of Memphis must have internal and external leaders who are enthusiastic and committed to the university's vision and fundraising priorities.	Confidence in the leadership of the University of Memphis was extremely high and almost universal. Praise was given for vision, effectiveness, and ability to deliver. Confidence was shared broadly among President David Rudd, CAO Joanna Curtis, the Board of Trustees, and the Foundation Board. Specific feedback was given about the role of the Board of Trustees and how the formation of that group is among the most important moments in the university's history. Additionally, for campaign success, an augmented role should be envisioned for the Foundation Board and its members.



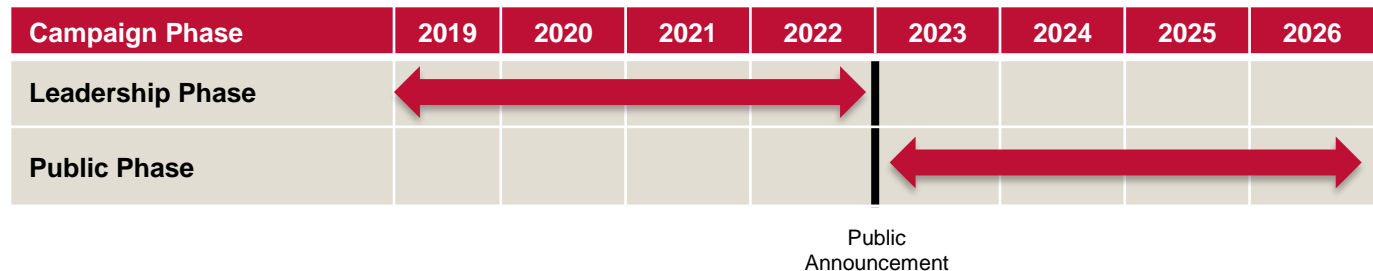
# Campaign Fundamentals

(continued)

	Best Practice	University of Memphis Status
<b>Culture</b>	Longstanding tradition of active engagement and philanthropic support. Internal culture of collaboration and trust that leads to effective and shared goals and strategies.	A culture of philanthropy is emerging at the UofM. The university's relative youth and historic state support made the establishment of a culture of philanthropy a challenge until recently. While total giving has trended positively over the last decade, gift totals and donor counts for base giving have declined. Growth in major giving and a history of transformational gifts indicate that such a culture has been established and is poised for nurturing and growth. The culture of philanthropy could be further enhanced and broadened through a campaign, such as the one envisioned by the UofM.
<b>Prospects</b>	Donors and prospects must have the financial abilities and inclinations to enable the University of Memphis to achieve its fundraising and future goals.	There is significant potential and capacity among supporters and potential supporters of the UofM. The vast majority of giving at the UofM has been driven by a small group of highly connected, ultra-loyal donors. There is also tremendous untapped potential among unmanaged prospects with nearly 2500 high-capacity prospects currently unmanaged by gift officers. Effective prospect development practices will be a key factor in converting potential into tangible giving.
<b>Readiness</b>	The University of Memphis must have demonstrated fundraising results consistent with campaign goals and have strong staff and programs.	The UofM has a modest staff size compared to its campaign ambitions. Desired philanthropic growth will have to come through the investment in staffing, resources, and other infrastructure to support a sustainable and growth-minded development enterprise. Frontline staffing additions should be made to align with prospect potential. Additional staff are also warranted for donor relations, systems and operations, advancement services, and prospect development.
<b>Environment</b>	Environmental factors including the economy, fundraising trends, and philanthropic competition must be favorable for the campaign.	The philanthropic landscape for this campaign has shifted greatly in the months since planning began. Uncertainty and unanswered questions dominate the thinking of donors interviewed more recently. It is important to learn from previous moments when philanthropy faced headwinds and it is possible to plan and execute campaigns during challenging times. Donor continue to support organizations that matter most to them; UofM donors echoed this sentiment during their interviews.

## Major Recommendation

- BWF recommends a total campaign working goal of \$600M.
  - **\$300M** from traditional philanthropic sources
  - **\$300M** secured through sponsored research.
- This campaign would have a seven-year timeline with campaign counting starting in 2019 and running through 2026. Early campaign commitments prior to 2019 could be included if aligned with and motivated by the campaign.



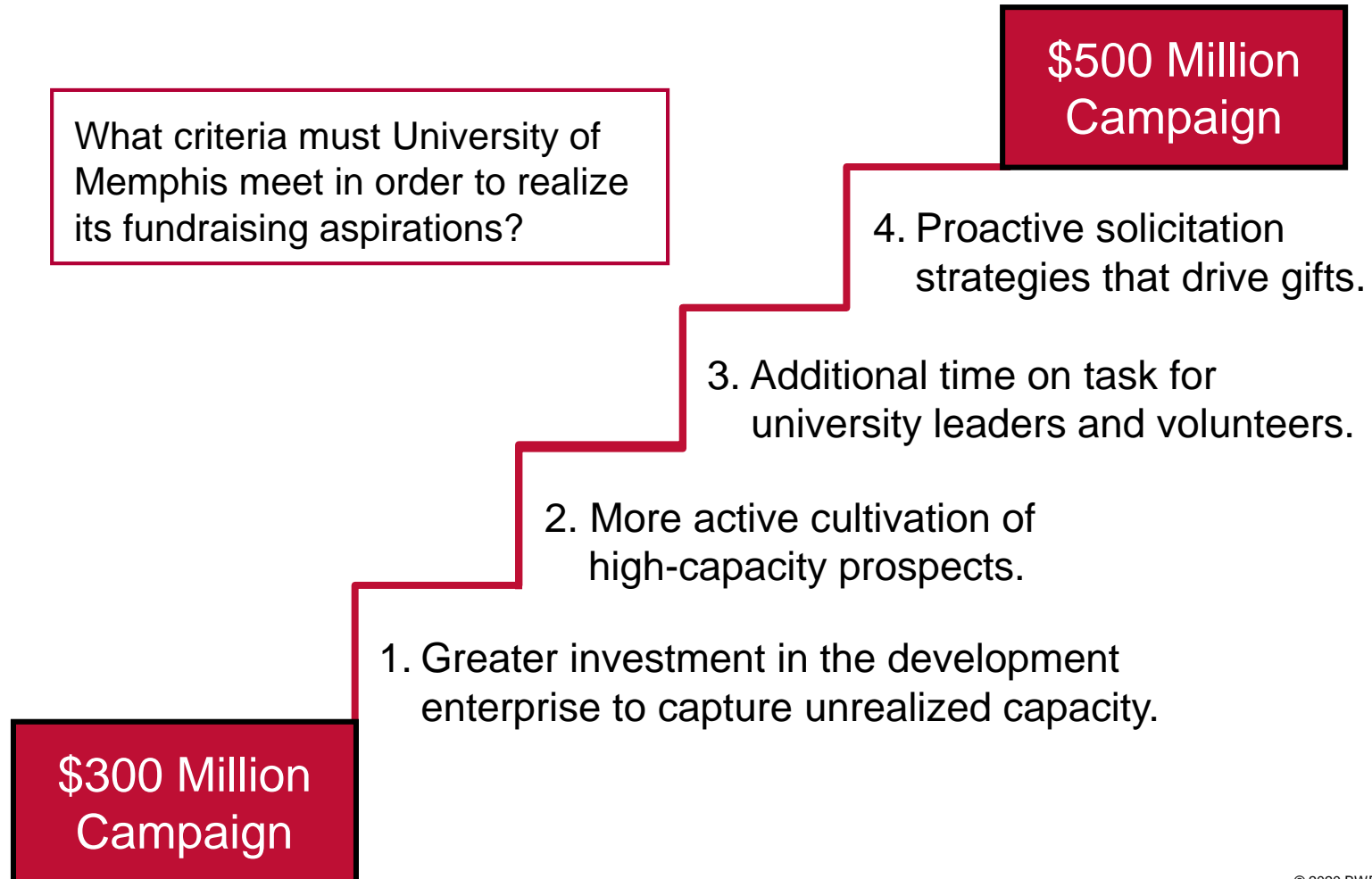
## Overall Recommendations

1. Adopt a major gift discipline.
2. Refine the case for support.
3. Undertake a deliberate campaign planning process.
4. Build out the advancement enterprise.
5. Align leadership and staff focus on external major gift and leadership gift prospect development and relationship building.
6. Drive and support the philanthropic evolution of volunteer groups at UofM.
7. Build professional capacity through intentional skill development.

## Next Steps and Board Considerations

1. Campaign Planning Task Force
  - Process, systems and policies to govern campaign execution.
  - Internal and external participation.
2. Board and volunteer engagement
  - Board action authorizing campaign.
  - Campaign Steering Committee in 2021.
  - Augmented role for UofM boards and volunteer groups.
3. Maximizing potential
  - Optimize prospect portfolios.
  - Align internal resources to drive efficient ROI.
  - Consider phased, reasonable investment in advancement to generate revenue
4. Stay aggressive in fundraising

**Arguably a \$300M philanthropic gifts goal is aggressive and will require sustained effort. That said, potential exists for even greater fundraising success. To achieve that, the following would be necessary.**





## 5. FY 2020 and FY 2021 Budget Update Presentation

Presented by Raajkumar Kurapati

## **Report to the Board of Trustees**

The University of Memphis Board of Trustees  
Report  
For Information

**Date:** August 25, 2020

**Committee:** Governance and Finance Committee

**Report Title:** FY2020 & FY2021 Budget Update

**Presented by:** Raaj Kurapati, EVP/Chief Financial Officer

### **Background:**

Provide a budget update on actions taken to address FY20 finances due to COVID-19 events and an update on a revised FY21 Proposed Budget recognizing actions taken by the State and changes that have occurred since we submitted the FY21 Proposed Budget in June.



# *FY2020 & FY2021 Budget Update*

## *Governance and Finance Committee*

Raaj Kurapati

Executive Vice President & Chief Financial Officer



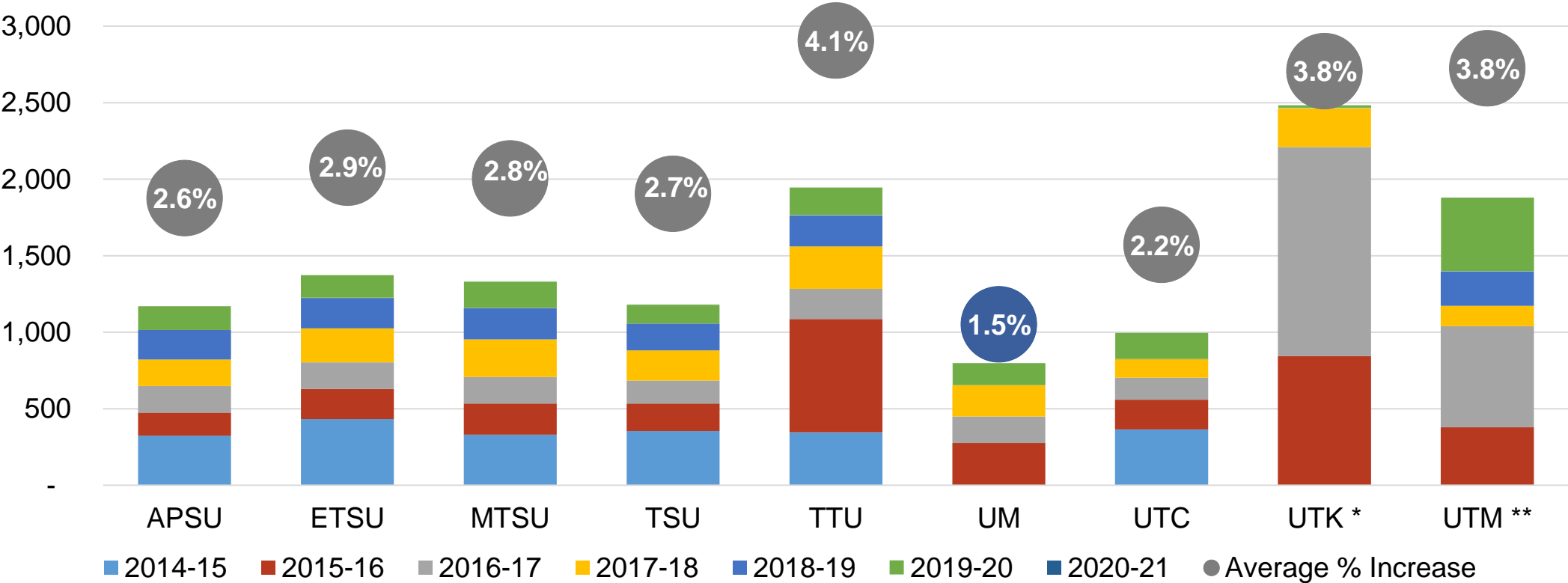
SEPTEMBER 2020

- ✓ **Implementation of a guaranteed tuition plan**
  - Provides stable tuition expenses from year-to-year
  - Allows students and their families to budget earlier and more effectively for educational expenses
- ✓ **Set a tuition cap for TN resident students**
  - For undergraduates who take more than 12 hours, additional credits are free
  - For graduate students who take more than 10 hours, additional credits are free
  - This translated into approximately 51,880 credit hours free of tuition for our resident graduate and undergraduate students (AY19-20) or roughly \$18.8M in tuition free credits earned
- ✓ **Established uniform tuition rates**
  - Online (UofM Global) and on-campus courses are now charged at the same tuition rate

- ✓ **Simplified the student fee structure**
  - Reduce and then eliminate the online course fee over 3 years
  - Move to a standard per credit hour structure applicable to all courses
- ✓ **Capped UofM Global tuition rates for TN resident students**
  - Expands our online programs to students who wish to pursue higher education online
- ✓ **Restructured the Law School tuition rates**
  - Cap tuition for non-resident students at 11 credit hours
  - Results in a 25% reduction in non-resident tuition & fees for 15 credit hours
- ✓ **Adjusted rates for non-resident and international students to enhance enrollment**
  - These changes resulted in fall '19 to fall '20 increase of 23% OOS and 3.8% international students

Lowest Statewide average tuition increase of 1.5% over the last 7 years

Total Tuition Increase Over 7 Years





The financial challenges our students face was clearly evident during this pandemic with many having to choose between helping families and continuing their education. We recognize the financial challenges created by COVID-19 and implemented numerous refunds and cost-reduction measures to promote affordability and ensure student success.

## **Spring 2020**

1. Processed \$4.08M in student refunds for parking, housing, and dining
2. Disbursed \$7.8M in direct CARES payments to approximately 12,283 students
3. Continued to pay student/hourly GA employees due to related work restrictions

## **Summer 2020**

1. Provided grants to cover the \$50 UofM online fee for a savings of \$300 for 6 credits
2. Expanded the 3+3 program for all freshmen and sophomores
3. Provided \$500 grant for juniors and seniors who enroll in two classes
4. Summer enrollment growth of 20.3% (including Law)

- Discontinued all faculty, staff and student travel through the end of Fiscal Year
- Instituted a hiring moratorium and managed vacancies and attrition to realize costs savings, given personnel costs account for 70% of our budget
- Adjusted campus operations to realize savings given limited use of facilities, including strategic management of energy usage
- Centralized procurement activities to ensure expenditures were limited to needs vs. wants, again to maximize cost savings and minimize expenditures
- Managed operational expenses including deferral of projects not deemed critical
- Reduced operating costs to address expenditure impacts
- Strategically moved additional cash flow flexibility into investments to maximize earnings, resulting in the highest level of investment earnings in the University's history at approximately \$8.8M

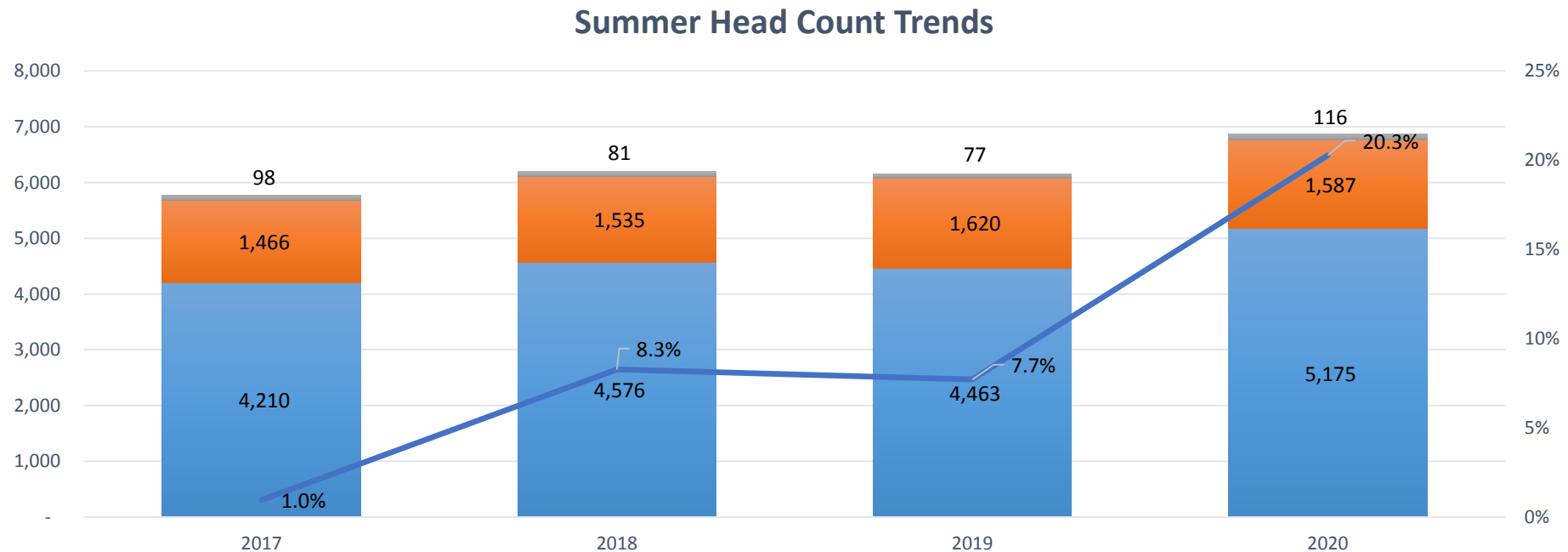
# Actions taken to address FY20 finances

- Effected a strategic pullback to capture savings and related budgets net of costs centrally to offset related outlays (see cost savings actions in prior slide)
- Worked with Holiday Inn management to reduce costs and offset ongoing shortfalls wherever possible through a PPP forgivable loan to minimize losses
- Leaned strategically into the federal support provided under the CARES Act
  - Processed over \$4.08M in student refunds for parking, housing and dining
  - \$7.8M in direct student payments from HEERF CARES Act funding
- Minimized losses on the food services front through a strategic partnership with the Shelby County Schools & YMCA to provide meals for school children and community members displaced by the pandemic. This partnership resulted in over a million meals being served over the course of just a few months.
- Leveraged Summer School initiatives to increase revenues
- Effectively managed a budget gap of over \$27M created by impacts of COVID-19

# Record Summer Enrollment

## Implemented several initiatives to support our students over the Spring and Summer:

- Provided grants to cover \$50 UofM online fee for summer 2020 courses (up to 6 credit hours)
- Continued to pay student workers who were no longer able to work on campus
- Expanded the 2+2 program





- Captured one-time savings to offset some of the budget gap in the coming fiscal year.
- Established a Budget Reduction Committee with campus-wide representation (implementing strategies/recommendations offered)
- Continue to identify opportunities to reorganize operations and consolidate offices to realize cost savings
- University-wide reductions
- Strategic reinvestments
- Fall scholarship/grant initiatives
- Strategic use of federal support provided under the CARES Act

1. Grants to eliminate the online course fees
2. Waiver of late registration fees
3. Extension of late registration period to August 26
4. Review of the traditional approach of dropping for non-payment
5. 100% refund of the payment plan fee if sign-up occurs by August 14
6. Prorated reduction of TigerEat\$ fee from \$300 to \$220 (to coincide with delayed start of traditional on-ground offerings)

## Revenues/Sources:

1. Reversed anticipated increase in State Appropriations (original Budget from the State)
2. Reduced revenue for drop in Foundation operations support
3. No revenue increases from tuition and fees (deferred FY21 tuition and fee increase (1.8%) planned to backfill expenditure commitments, e.g. online fees)
4. Reduced revenue projections of key fee and sales-driven enterprises, e.g.

## Athletics

# FY21 Revised Proposed Revenue Budget



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Trustees

	June Proposed FY 2021	State Appropriation reduction	FY21 Revenue & Expense Gap	Revised Proposed FY2021	Variance
<b><u>Revenues</u></b>					
Educational & General					
Tuition and Fees	\$ 206,574,700	\$ -	\$ -	\$ 206,574,700	\$ -
State Appropriations	129,634,500	(6,127,000)	-	123,507,500	(6,127,000)
Unrestricted Grants, Contracts, & Gifts	26,224,000	-	(1,500,000)	24,724,000	(1,500,000)
Sales and Services	35,569,500	-	(5,000,000)	30,569,500	(5,000,000)
Other	3,284,000	-	-	3,284,000	-
<b>Total Educational &amp; General</b>	<b>\$ 401,286,700</b>	<b>\$ (6,127,000)</b>	<b>\$ (6,500,000)</b>	<b>\$ 388,659,700</b>	<b>\$ (12,627,000)</b>
Auxiliary	33,138,700	-	-	33,138,700	-
Restricted	116,304,400	-	-	116,304,400	-
<b>Total Revenues</b>	<b>\$ 550,729,800</b>	<b>\$ (6,127,000)</b>	<b>\$ (6,500,000)</b>	<b>\$ 538,102,800</b>	<b>\$ (12,627,000)</b>

## Expenses:

1. Reversed distribution of anticipated State Appropriations from all units
2. Backfilled ongoing base commitments with a base budget pull-back of \$7M

- Scholarships
- Faculty promotions (related salary and benefits cost increases)
- Advancement and Alumni Operations (from reduction in Foundation Support)
- Dual enrollment support & UofM Global support (ongoing costs to support programming)
- Culinary School (program launch delayed due to impacts of COVID-19)
- Student recruiters (funded with one-time funds in prior year)
- Ongoing technology needs (Cayuse, Chrome River, etc.)
- Center for Communications and Writing (funded with one-time funds in prior year)

## Expenses, continued:

3. Backfilled one-time costs strategic to maintaining institutional trajectory and growth. Sources of these investments include strategic central reserves and use of central and distributed (instituted a pullback) carryforward balances.
  - COVID-19 specific institutional aid (strategic investments to retain and graduate students)
  - Support to Athletics to offset revenue losses (coupled with deep cost reductions)
  - Research support and Carnegie R1 investments
  - Law scholarships
  - FIT technology plan
  - Online fee grants (fee reduced but offsetting tuition and fee increase deferred)



# FY21 Revised Proposed Expenditure Budget



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Board of  
Trustees

<b>Expenditures</b>	June Proposed FY 2021	State Appropriation reduction	Add FY21 Expense Gap	Revised Proposed FY2021	Variance
<b>Educational &amp; General</b>					
Instruction	\$ 170,863,400	\$ (1,669,500)	\$ 867,000	\$ 170,060,900	\$ (802,500)
Research	21,486,800	(220,100)	40,000	21,306,700	(180,100)
Public Services	5,240,300	(32,800)	-	5,207,500	(32,800)
Academic Support	36,058,900	(522,700)	1,287,923	36,824,123	765,223
Student Services	55,176,500	(476,400)	13,703,000	68,403,100	13,226,600
Institutional Support	31,170,100	(334,400)	1,578,000	32,413,700	1,243,600
Operation & Maintenance	38,342,300	(414,500)	900,000	38,827,800	485,500
Scholarships & Fellowships	29,305,400	(2,456,600)	3,890,000	30,738,800	1,433,400
Transfers	13,643,000	-		13,643,000	-
<b>Total Educational &amp; General</b>	<b>401,286,700</b>	<b>(6,127,000)</b>	<b>22,265,923</b>	<b>417,425,623</b>	<b>16,138,923</b>
<b>Auxiliary</b>	<b>33,138,700</b>	<b>-</b>	<b>-</b>	<b>\$ 33,138,700</b>	<b>\$ -</b>
<b>Restricted</b>	<b>116,304,400</b>	<b>-</b>	<b>-</b>	<b>116,304,400</b>	<b>-</b>
<b>Total Expenditures and Transfers</b>	<b>\$ 550,729,800</b>	<b>\$ (6,127,000)</b>	<b>\$ 22,265,923</b>	<b>\$ 566,868,723</b>	<b>\$ 16,138,923</b>

# Questions?



## 6. Reduction in Force Policy

Presentation

Presented by Raajkumar Kurapati

# **The University of Memphis Board of Trustees**

Recommendation

For Approval

**Date:** August 25, 2020

**Committee:** Governance and Finance Committee

**Recommendation:** New Board Policy – Reorganization and Reduction in Force

**Presented by:** Raaj Kurapati, EVP/Chief Financial Officer

**Background:**

As authorized by T.C.A. § 49-7-134 the Board of Trustees governs reductions in force that could result in employee layoffs or terminations at the University of Memphis. This Reorganization and Reduction in Force Policy establishes and details a consistent and equitable method of notifying and separating staff employees whose positions are eliminated or whose working hours are reduced due to budget reductions, reorganizations and/or institutional realignments

**Committee Recommendation:**

The Governance and Finance Committee recommends approval of this new Board policy, Reorganization and Reduction in Force.

## The University of Memphis Board of Trustees - Reorganization and Reduction in Force

The Board of Trustees as authorized by T.C.A. § 49-7-134 governs reductions in force that could result in employee layoffs or terminations at the University of Memphis. This policy establishes and details a consistent and equitable method of notifying and separating staff employees whose positions are eliminated or whose working hours are reduced due to budget reductions, reorganizations or institutional realignments.

### I. Definitions

- a. **Functional Area:** The part of the organization to which the reduction in force or reorganization applies.
- b. **Reduction in Force:** A separation of employment due to lack of funds, lack of work, or due to departmental reorganization.
- c. **Reorganization:** The act of restructuring a department or unit into a new and/or different department or unit.

### II. Policy

The University may undertake a reorganization or reduction in force (RIF) due to fiscal conditions and/or in order to continue, streamline, and/or maximize its operations, the need for different skills, changes in position minimum requirements, full-time status reduced to part-time status or modified fiscal year appointments. Other conditions may also require a reorganization or RIF that may affect positions and the employees in those positions.

This policy addresses many of the issues that may arise for affected employees and hiring officials in the event a reorganization or RIF becomes necessary.

- a. **Functional Review.** In cases where a reorganization or RIF is necessary, the President, the EVP & Provost and the EVP & CFO will, in consultation with the Vice Presidents and other institutional leadership as appropriate, conduct a review of the University's operations and identify the functional area(s) within their areas of responsibilities that could be affected.
- b. **Position Review.** Based on the outcome of the functional review, University departments will conduct a position review of their functional areas. This review will include consideration of the budgetary implications involved and written criteria and rationale to be used in identifying the functions/duties that will need to be reassigned, reduced, eliminated or otherwise repurposed for organizational efficiency.

Before final recommendations are made, unit heads will work with the Department of Human Resources regarding the positions and individuals that may be affected. Factors used in reaching the decision to eliminate a position and/or an employee may include, but are not limited to, functional needs of the unit, requisite skills of the position/employee, and written documentation relevant to an employee's job performance or lack of skills. Length of service is a factor that may be considered when making decisions concerning otherwise comparable employees but will not be a determining factor in making final staffing decisions.

Before the final recommendations from the departments are implemented and providing notifications to the employees affected can take place, the reorganization and/or RIF shall be reviewed by the Office of Legal Counsel, and the Office for Institutional Equity and approved by the Department of Human Resources. As part of its review, the Office for Institutional Equity, in accordance with Federal guidelines, will analyze the impact of the proposed reduction-in-force to determine the impact of such action on the University's utilization goals by race and sex in order to avoid adverse impact.

- c. **Implementation.** After final decisions have been reached and approved, the following approach to notice, termination, and counseling will help ensure the consistent implementation of the reorganization and/or RIF.
  - **Date of Notice for Job Eliminations.** Absent extenuating circumstances affected employees should be given written notice of at least 90 days in advance of the effective date of termination or 90 days' pay in lieu of notice, at the discretion of the University. In

no case, however, will the notice be shorter than that which is required under the terms of the employee's contract, e.g., one month for exempt (monthly paid) employees and two weeks for non-exempt (hourly paid) employees.

- **Date of Notice for Reduction in Hours.** Absent extenuating circumstances, employees notified that their positions will have a reduced FTE (reduction in work hours) should be given the same notice as that given to employees whose positions are being eliminated.
- **Method of Notice.** The immediate supervisor/manager or department head should notify each affected employee in person or through video conferencing if in-person meeting is not feasible. The notification should be done in private with the employee. Notice to employees in a group is permissible only if the entire group would be equally affected. The Department of Human Resources will provide advice and counseling to administrators charged with the responsibility of notifying affected employees and will also be present during the termination notice meeting.
- **Communication of Decisions to Others.** As soon as appropriate and following notification to the affected employee(s), the supervisor/manager should announce the decision to the contiguous work areas or other units with a 'need to know'. If a major function (not a single position) is being affected, the department should circulate a campus bulletin that informs the University community about services to be eliminated, reassigned or changed.

### III. Reinstatement of Eliminated Positions

Positions that are eliminated through a reorganization or RIF may not be reinstated or reestablished within two (2) years of elimination. A request to reinstate the former position must be submitted in writing to Human Resources including an appropriate review and justification. Reinstatement of the position does not require reinstatement of the former employee.

### IV. Separation Benefits

- Separation Payment.** Employees losing their positions due to a reorganization or RIF may be eligible to receive a separation payment as determined by the University. Payment will be made in a lump sum on the employee's last payroll payment. Employees who are rehired into a regular position prior to or immediately following their separation date are not eligible for a separation payment.
- Annual Leave.** Employees terminated as a result of the reorganization or RIF will be paid for unused accrued annual leave as of the last day of their active employment. Unused annual leave will be paid in a lump sum on the pay date following their last paycheck and in accordance with [HR5021 - Annual Leave Policy](#), unless the employee is retiring in which case annual leave may be used as terminal leave instead of a lump sum payment.
- Tuition Assistance.** Tuition assistance for the employee's attendance at any State of Tennessee public higher education institution is available for two years. The maximum amount of this benefit is \$5,400 per year. Classes taken under this program must have a published first day of class within two years from the employee's official date of separation.

An employee affected by the reorganization or RIF who is receiving tuition scholarship benefits for the employee's spouse or child(ren) prior to the day of separation will continue to receive the benefit through the end of the semester in which the separation occurs.

- University Job Opportunities Assistance.** A termination due to a reorganization or RIF constitutes a final separation from the University. Accordingly, employees subject to the reorganization or RIF will have no right of reinstatement to their former or similar positions.

Nevertheless, the University desires to assist employees subject to the reorganization or RIF by encouraging them to apply for other University vacancies for which they meet the minimum requirements of the position. During the 12 months following their separation of employment from the University, hiring officials will be asked to give serious consideration to the applications of qualified employees affected by these circumstances. Additionally, the Department of Human Resources will notify affected employees when vacancies for similar positions are available and will also provide counseling and assistance in resume writing and interviewing skills.

It is the affected individual's responsibility to check for vacancies and apply for open positions via WorkforUM, the University's online applicant tracking system, at the following site: <https://workforum.memphis.edu>.

During this 12-month period, for all University vacant positions for which the affected individuals apply and are qualified, they will be granted an interview before other candidates are considered. Hiring officials must provide bona fide, job related reasons for turning down qualified employees affected by a reorganization or RIF before they will be allowed to consider other candidates, including interview notes reasons for not hiring such affected individuals which may be subject to review by the AVP/Chief Human Resources Officer or designee in consultation with the Director for Institutional Equity.

If the University rehires an individual affected by a RIF, the rehired individual's salary rate will be based upon the salary rate applicable to the new position's job classification rather than the individual's former University position.

Any individual rehired into a regular position within three months of their separation date due to a reorganization or RIF, will waive the University Job Opportunities Assistance and have the Tuition Assistance benefit stated under this policy revert to the guidelines as specified in the University's Policy [HR5040-Tuition Assistance for Employee and Dependents](#).

#### **Benefits Counseling**

All affected employees are encouraged to contact Human Resources for information regarding all separation benefits, including options for extending health care insurance coverage (i.e., COBRA), retirement benefits, etc.

#### **V. Nondiscrimination**

The University of Memphis is committed to the implementation of any Reorganization or RIF in a nondiscriminatory manner. The University will ensure that this policy is implemented without regard to race, creed, color, religion, sex, age, national origin, disability, veteran status, or sexual orientation.

#### **VI. Other Considerations**

Employees who remain in their jobs and absorb additional or different duties as a result of a reorganization or RIF may need special attention and assistance. These remaining employees may require additional training and/or counseling. Human Resources and the Employee Assistance Program (EAP) can assist, as needed. In situations where significant duties have been added or changed, a review for possible reclassification by Human Resources should be requested by the affected department.

#### **VII. LINKS**

HR5040 - Tuition Assistance for Employee and Dependents Policy:  
<https://memphis.policytech.com/dotNet/documents/?docid=548&public=true>

HR5021 - Annual Leave Policy:  
<https://memphis.policytech.com/dotNet/documents/?docid=537&public=true>

T.C.A. § 49-7-134 - Reduction in Work Force:  
<https://casetext.com/statute/tennessee-code/title-49-education/chapter-7-postsecondary-and-higher-education-generally/part-1-miscellaneous-provisions/section-49-7-134-reduction-in-work-force>

*Effective Date/Revisions: September 2, 2020*

## **Tenn. Code Ann. § 49-7-134**

Current through Chapter 810 of the 2020 Regular Session. The Commission may make editorial changes to this version and may relocate or redesignate text. Those changes will appear on Lexis Advance after the publication of the certified volumes and supplements. Pursuant to TCA Sections 1-1-110, 1-1-111, and 1-2-114, the Tennessee

Code Commission certifies the final, official version of the Tennessee Code. Until the annual issuance of the certified volumes and supplements, references to the updates made by the recent legislative session should be to the Public Chapter and not TCA.

***TN - Tennessee Code Annotated > Title 49 Education > Chapter 7 Postsecondary and Higher Education Generally > Part 1 Miscellaneous Provisions***

### **49-7-134. Reduction in work force.**

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The board of regents, the state university boards, and the board of trustees of the University of Tennessee shall adopt policies to govern reductions in force that could result in employee layoffs or terminations at their respective institutions of higher education. The policies shall provide a consistent and equitable method of reducing the work force when a reorganization or curtailment of operations becomes necessary. The policies shall, at a minimum:

- (1) Apply to regular, nonfaculty employees;
- (2) Provide for a written rationale for any reduction in the work force;
- (3) Include identification of functional areas affected, a review of the budget implications involved and the development of specific written criteria to be used in identifying duties that will be reassigned or eliminated;
- (4) Provide for the application of such factors as length of service in the position and at the institution, functional needs of the unit in selecting the affected employees and the qualifications needed to perform the remaining duties of the affected unit;
- (5) Require written notification to the affected employees of a reduction in force as far in advance as possible; and
- (6) Provide an opportunity for affected employees to receive notification when vacancies for similar positions at their former campuses occur.

### **History**

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Acts 2004, ch. 867, § [1](#); 2018, ch. 602, § [10](#).

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End of Document

## 7. Athletics Update

Presentation

Presented by Laird Veatch





## 8. Additional Business

Presented by David North



## 9. Adjournment

Presented by David North